Ethics for Government Contractors

Contractor Code of Business Ethics and Conduct

Disclaimer

Opinions stated here are the personal opinions of the presenter and do not represent official opinions or recommendations of the United States Government or any official government office.

Problem With Ethics

The only time some people think about ethics is after they have been caught.

Investigations Show:

"The lines became too easy to cross, and no one was paying attention. I don't even think most people know where the lines are anymore."

Government Executive, FEB 2004

Discussion Topics

- What is Ethics?
  - Why is this important?
  - Examples
- FAR 3.10
  - Contractor Code of Business Ethics and Conduct
  - Requirements
  - Exceptions
- Next Steps

Let’s get serious. We’re talking business ethics not real ethics.

What is “Ethics”

- General rules of acceptable conduct
- Societal norms for proper behavior
- Concepts of right and wrong behavior
- A system of principles and rules concerning duty
- The “stuff” our reputation is based on
- Ethics is the foundation by which we live our lives and conduct our business

6 Pillars of Character

- Trustworthiness
- Responsibility
- Respect
- Fairness
- Caring
- Citizenship

Source: Josephson Institute of Ethics, “Character Counts!”

5 Commandments for Public Servants

- Serve the public interest
- Respect the Constitution and the law
- Demonstrate personal integrity
- Promote ethical organizations
- Strive for professional excellence

Source: American Society for Public Administration

1 Golden Rule

Do Unto Others As You Would Have Them Do Unto You.

Why is this important?

- **Good Ethics**
  - Enhances reputation and pride
  - Improves effectiveness and productivity
  - Encourages openness and communication
  - Reduces risk
- **Poor Ethics**
  - Damages reputation and pride
  - Reduces effectiveness and productivity
  - Suppresses openness and communication
  - Increases risk

Why is this important to you?

- **Would you do business with someone you don’t trust?**
- **Would you expect your customers to do so?**
- **Unethical behavior is often illegal behavior!**
- **It Is The Right Thing To Do!**

It’s the Law

FAR Section 3.10

Federal Contractor Code of Business Ethics and Conduct

FAR Section 3.10

- Contractors receiving awards in excess of $5,000,000 that have performance periods of 120 days or more, shall
  - have a written code of ethics and business conduct within 30 days after contract award.
  - promote compliance by establishing, within 90 days after contract award, an employee ethics and compliance training program and an internal control system.
  - Display the agency OIG fraud hotline poster

Code of Business Ethics and Conduct

- in writing;
- issued within 30 days of the contract award (unless the contracting officer establishes a longer time period); and
- provided to each employee engaged in performance of the contract

Contractor must “promote” compliance.

Awareness Program

The contractor shall establish, within 90 days after contract award, an “ongoing business ethics and business conduct awareness program.”

Internal Control System

- Facilitates timely discovery of improper conduct
  - Periodic reviews, audits
  - Internal reporting mechanism (hotline)
- Ensures prompt corrective action.

Rule requires displaying agency fraud hotline posters.

Exceptions

- Small Businesses are exempt from
  - The awareness program
  - Internal control system

Rule does not apply to

- Contracts awarded for commercial items under FAR Part 12
- Contracts performed entirely outside the United States, its possessions and territories.

Recommended Next Steps

Federal Contractors Code of Business Ethics and Conduct

Here is the ethics code I stole from our competition.
Make it fit our company.

Code of Business Ethics and Conduct

- A collection of values and policies
  - Tailored to the organization
  - Written to take into account the organizational culture
  - Incorporates realistic business scenarios applicable to the organization
- Top management involvement is critical

Code of Business Ethics and Conduct

Typically consists of:

- Statement of Values (*General principles we believe in*.)
- Code of Conduct (*What we do to put those values into practice*.)
- Conflict of Interest Policy (*How we avoid or resolve conflicts of interest*.)

Awareness Program

Communications and Implementation Plan

- Every employee has a personal copy of the Code of Business Ethics and Conduct and certifies in writing that he has read and understands it.
  - Recertify annually
- Training Program/Orientation
- Meetings
- Work site posters

Internal Control System

- Establish and promote
  - Hotline/whistleblower system
- Consider
  - Compliance Officer
  - Ombudsman

In Conclusion

So live that you wouldn't be ashamed to sell the family parrot to the town gossip.

-- Will Rogers

Contact Information

Dan E. Shackelford

Associate Director for Small Business
U.S. Army Medical Command
2107 17th St., Ste 70 (Bldg 4197)
Fort Sam Houston, TX 78234-5070

210-221-4267
Dan.E.Shackelford@us.army.mil